

**PART XXX. LOUISIANA INSURANCE RATING COMMISSION
AND RATE REGULATION**

§1401. Louisiana Insurance Rating Commission; creation, membership, selection, compensation, powers, duties, and functions; budgetary control; use of funds; flexible rating

A. The Louisiana Insurance Rating Commission is hereby created. The commission shall be composed of seven members, six of whom shall be appointed by the governor and the seventh member shall be the commissioner of insurance. Each appointment by the governor shall be submitted to the Senate for confirmation, and beginning in 1984 every appointment confirmed by the Senate shall again be submitted by the governor to the Senate for confirmation every two years after the initial confirmation. Each appointed member shall serve a term concurrent with that of the governor making the appointment. The members appointed by the governor shall be resident citizens and qualified voters of this state. The commissioner of insurance shall serve as ex officio chairman of the commission.

B. The members of the commission shall be paid fifty dollars for each day of actual attendance at meetings of the commission or spent on business of the commission not to exceed twenty days in any month, payable on their own warrant, and in addition shall be paid for necessary expenses incurred in connection with actual attendance at meetings of the commission or while on business of the commission assigned by the commission, but only when properly vouchered.

C. Four members of the commission shall constitute a quorum for the transaction of business of the commission.

D. The domicile of the commission shall be in the city of Baton Rouge, where it shall maintain its principal office.

E. The office of property and casualty of the Department of Insurance Rating Commission. As used in this Part, the term “office of property and casualty” shall mean the office of property and casualty of the Department of Insurance, and the term “commission” shall mean the Louisiana Insurance Rating Commission.

F. The legislature hereby specifically states that the provisions of this Section are in no way and to no extent intended to nor shall they be construed in any manner which will impair any contractual obligations as they existed prior to September 1, 1972.

G. All books, papers, records, money, choses in action and other property of every kind and description, movable and immovable, real and

personal, heretofore possessed, controlled or used by any of the divisions affected by this Section, in the exercise of functions hereby transferred, are hereby transferred to the Louisiana Insurance Rating Commission.

H.(1) The Louisiana Insurance Rating Commission shall continue to collect and receive all dues, fees or other forms of income as the law may now or hereafter provide for each of the three separate divisions and shall remit all such funds to the state treasurer to be received and credited to a special fund designated as the "Louisiana Insurance Rating Commission Temporary Fund".

(2) All necessary operating expenditures of the commission shall be paid out of this special fund for the fiscal year 1972-1973, after which said special fund shall cease to exist and all unexpended and unencumbered funds remaining in said fund shall be forthwith transferred to the state general fund.

I. The Louisiana Insurance Rating Commission may approve in whole or in part any application for rate change brought by an insurer before the commission, such approval or partial approval to be made pursuant to the commission's analysis of the data presented and any other factors relevant to the application. However, if an application for a rate change brought by an insurer is approved in part by the commission, the insurer shall be given the option to withdraw such application but must exercise such option within fourteen days after the commission's action.

J.(1) The commission shall not approve a rate increase for any insurer more than once per rate classification in any twelve-month period. An application for a rate change which reduces insurance rates for a risk classification may be approved at any time.

(2) Except as provided herein, overall average rate level increases or decreases in any twelve-month period, for all coverages combined for both personal and commercial lines, of ten percent above or below the insurer's rates in effect, may take effect without prior approval as provided in Paragraph (3) of this Subsection. The ten percent limitation does not apply on an individual insured basis. Notwithstanding any other provisions of this Part, for any policies governed by this Section, filings that produce rate level changes within the limitation specified herein, become effective without prior approval, provided that notice is given to the policyholders in accordance with Paragraph (4) of this Subsection.

(3)(a) A rate increase or decrease falling within the said limitation may become effective not less than thirty days after the date of the filing with the commission. Any such filing is deemed to meet the requirements of this Part. The actuarial staff of the commission and the office of property and casualty may find that such filing is not in compliance with this Part; however, the actuarial staff shall issue a written order specifying in detail the provisions with

which the filing shall be deemed no longer effective. Any such order that is issued more than thirty days from the date on which the commission received the rate filing, shall be on a prospective basis only and shall not affect any contract issued or made prior to the effective date of the order. Any such order may be appealed by the filing insurer to the commission. Rate filings falling outside of the said limitation shall be subject to the prior approval by the commission as otherwise provided by law.

R.S. 22:1401(J)(3)(b) is all new law.

(3)(b) Individual insurance companies and member companies of an affiliated group of insurers may utilize different filed rates for insurance coverage in accordance with rating plans with the commission. These rating plans filed with the commission. These rating plans may provide for different rates, rating tiers, and rating plans among affiliated companies. For the purposes of this Paragraph, an affiliated group of insurers includes a group of insurers under common ownership, management, or control.

(4) Prior to the implementation of a rate change approved by the commission which increases a rate for a policyholder, the insurer shall notify the policyholder at least thirty days prior to the date of renewal of the policy. No rate increase approved by the commission shall be implemented by the insurer during the term contracted between the policyholder and the insurer. The overall statewide rate change implemented under this Subsection must be stated in the notice to the policyholder.

(5) For the purposes of this Subsection:

(a) The effective date of a rate change shall be the effective date provided for in the rate filing.

(b) The date used to determine the beginning of a twelve-month period shall be the effective date for the last approved rate change.

(c) The first application for a rate change after an initial rating plan is approved by the commission is not subject to the twelve-month period.

R.S. 22:1401J(J)(6) is all new law.

(6) On or before February 1, 2008, the Louisiana Insurance Rating Commission shall deliver to the legislature a report on flexible rating for property and casualty insurance. The report may not include data regarding a specific insurer or insurer group, unless that data is public record. The report shall analyze the impact of the flexible rating on:

(a) The extent and nature of competition.

(b) The size and significance of coverage.

(c) The level and range of rates and rate changes among insurers.

- (d) The extent of consumer complaints to the Department of Insurance.
- (e) The volume of cancellations and nonrenewals.
- (f) The changes in the number of policies by territory and by class,
including age and sex in each territory.
- (g) The number of new insured and nonrenewed insured.
- (h) The business written by each insurer.